

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: NORTHSTAR OFFSHORE GROUP, LLC, DEBTOR.	§ § § § § §	Case No. 16-34028 (Chapter 11)
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NOTICE OF CANCELLATION OF AUCTION

1. On July 19, 2017, pursuant to the *Order (A) Approving Sale and Bidding Procedures in Connection with Sale of Assets of the Debtor, (B) Approving Form and Manner of Notice, (C) Scheduling Auction and Sale Hearing, (D) Authorizing Procedures Governing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (E) Granting Related Relief* (ECF No. 504, as amended by ECF No. 650) (the “Bidding Procedures Order”), Northstar Offshore Group, LLC (the “Debtor”) received a bid (the “Ventures Bid”) from Northstar Offshore Ventures LLC. The Debtor has determined that the Ventures Bid is a Qualified Bid¹ pursuant to the Bidding Procedures Order.

2. The Bidding Procedures Order further states that Arena Limited DIP I, LLC (“Arena”) is a Qualified Bidder. *See* ECF No. 504 ¶ 9. Since receiving the Ventures Bid, the Debtor has engaged in dialogue with Arena. Arena has informed the Debtor that it does not intend to amend its bid in order to compete with the Ventures Bid, and has consented to cancellation of the Auction.

3. The Debtor has also received a bid from Acadia Energy Holdings, LLC (“Acadia”). Since receiving the Ventures Bid, the Debtor has engaged in dialogue with Acadia. Acadia has informed the Debtor that it does not intend to amend its bid, and has consented to cancellation of the Auction.

¹ All terms not otherwise defined herein should be given the meanings assigned in the Bidding Procedures Order.

4. The Debtor has evaluated all Qualified Bids and believes that the Ventures Bid is the highest and best offer for its assets. To apprise all parties in interest of the terms of the Ventures Bid, a copy is attached hereto as **Exhibit A**.

5. Although the Bidding Procedures Order contemplates that the Debtor will proceed with the Auction if more than one Qualified Bid has been received (*see* ECF No. 504 ¶ 11), the Bidding Procedures also permit the Debtor, in consultation with the DIP Agent (*i.e.*, Arena), to modify the Bidding Procedures, including by cancelling the Auction. *See* Bidding Procedures ¶ 15. Because the Debtor and its professionals have confirmed that Arena and Acadia do not intend to improve the terms of their offers, the Debtor has determined that there is no need for the Auction to occur and that it should be canceled in order to preserve estate assets and avoid incurring further expenses.

6. The Debtor has provided a copy of this Notice to the Consultation Parties in advance of filing it with the Court.

Accordingly, **PLEASE TAKE NOTICE THAT**, pursuant to the Bidding Procedures Order, the auction scheduled to be held at the offices of Diamond McCarthy LLP, 909 Fannin, Suite 3700, Houston, TX 77010, on Tuesday, July 25, 2017 at 10:00 a.m. **IS HEREBY CANCELLED**.

Dated: July 23, 2017

Respectfully submitted,

WINSTON & STRAWN LLP

/s/ Lydia T. Protopapas

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*Proposed Counsel for Northstar Offshore Group,
LLC*

CERTIFICATE OF SERVICE

I, Lydia Protopapas, hereby certify that, on July 23, 2017, all counsel of record who are deemed to have consented to electronic service were served with a copy of the *Corporate Ownership Statement* via the Court's CM/ECF system.

/s/ Lydia T. Protopapas
Lydia T. Protopapas